(33)

IN THE

Supreme Court of the United States

OCTOBER TERM, 1943

No. 914

THE PENNZOIL COMPANY, A CORPORATION OF CALIFORNIA,

AND

THE PENNZOIL COMPANY, A CORPORATION OF PENNSYLVANIA,

Petitioners,

vs.

CROWN CENTRAL PETROLEUM CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT AND BRIEF IN SUPPORT THEREOF

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PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT

To the Honorable, the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

This is an application on behalf of The Pennzoil Company, a corporation of California, of Los Angeles, California, and The Pennzoil Company, a corporation of Pennsylvania, of Oil City, Pennsylvania, for a writ of certiorari

to review a judgment of the Circuit Court of Appeals for the Fourth Circuit entered on January 21, 1944, affirming a judgment of the District Court of the United States for the District of Maryland.

The opinion of the Circuit Court of Appeals is at page 486 of the record, and is reported in 140 F. 2d 387. The opinion of the District Court is at pages 19-38 of the record, and is reported in 50 F. Supp. 891.

I.

JURISDICTION

(a) Federal jurisdiction of the Courts below existed under the Trade-Mark Act of 1905 (15 U. S. C. A., Secs. 81-134) and under Sec. 24 of the Judicial Code (28 U. S. C. A. 41: 1 and 7).

(b) The jurisdiction of this Court is invoked under Sec. 240 of the Judicial Code, as amended by Act of Congress of February 13, 1925, 43 Stat. 938; 28 U. S. C. A. 347(a); and Sec. 18 of the Trade-Mark Act of February 20, 1905, c. 592, 33 Stat. 829 (15 U. S. C. A., Sec. 98).

(c) This Court has never passed upon the questions of trade-mark law presented in this case.

II.

SUMMARY AND SHORT STATEMENT OF THE MATTERS INVOLVED

Petitioners' complaint charges statutory infringement of their trade-mark "PENNZOIL" used for motor lubricating oils and registered in the Patent Office under the Act of February 20, 1905, by defendant's use of "GREENZOIL" for the same goods. The complaint also charges infringe-

ment of petitioners' common law trade-mark rights and unfair competition by the same act (Complaint, Record, pp. 1-14). The District Court held that "GREENZOIL" did not infringe "PENNZOIL". The Court of Appeals affirmed on the opinion of the District Judge.

The plaintiffs are related corporations. The Pennsylvania plaintiff and its predecessor have always owned a controlling stock interest in the California plaintiff. The latter was organized to sell in the states west of the Rockies the products of the parent corporation. The California plaintiff in December 1915 adopted, and has since continuously used, the trade-mark "PENNZOIL" for certain lubricating oil and grease products. On August 1, 1916, it was granted federal registration No. 111,759 (plaintiffs' Exhibit 1), a copy of which is annexed. This registration was renewed on August 1, 1936, and is now in force. When "PENNZOIL" was registered, the parent corporation, pursuant to an agreement with the California plaintiff, commenced its use upon the same products and continuously sold these products throughout the United States east of the Rockies. This use has been continued by the Pennsylvania plaintiff. The lubricating oil sold by the petitioners under the trade-mark "PENNZOIL" has always had a single common source (the Pennsylvania plaintiff and its predecessor) and as sold by the related corporations has been of identical quality, grade for grade. (Findings 5-8; Record, pp. 39-40).

National advertising of "PENNZOIL" motor lubricating oil has been continuous and extensive since 1920. The mark has been registered in upwards of 100 foreign countries. Sales from 1928 through 1941 were over 143 million gallons. Export sales exceed 5 million gallons. (Finding 9; Record, p. 40).

In 1930 defendant's predecessor began the use of "GREENZOIL" as a designation of motor lubricating oil. All who were concerned with the selection of "GREENZOIL" knew at the time of "PENNZOIL" and its advertising. (Findings 10, 11 and 12; Record, p. 41).

"PENNZOIL" and "GREENZOIL" are both coined words.

When petitioners learned of "GREENZOIL" they protested and gave notice of their rights in "PENNZOIL". In July 1933 the use of "GREENZOIL" was discontinued and in October 1936 it was resumed by defendant's predecessor and has since been continued by defendant. Up to 1933 the product was sold as bulk oil and the word "GREENZOIL" was used as an advertising notation. When the use was resumed in 1936 "GREENZOIL" was for the first time used as a trade-mark, being applied to the cans in which the oil was sold. (Findings 13, 15 and 20; and answers to plaintiff's interrogatories 24 and 25; Record pp. 41, 42, 43; 470).

After learning of the resumed use of "GREENZOIL" petitioners filed their complaint.

The answer put in issue the validity of "PENNZOIL" as a trade-mark. It alleged that it is "merely descriptive of the type of crude oil from which the product is refined, that is, Pennsylvania-grade crude oil". The answer also denied the infringement of "PENNZOIL" by "GREENZOIL", although both are used as designations for lubricating oils (Answer, Seventh, Eighth and Ninth Defenses, and Paragraph 3 of Sixth Defense, Record, pp. 17, 18). The decision of the lower Courts turned upon these defenses.

The District Court held that "GREENZOIL" did not infringe "PENNZOIL". The Court of Appeals affirmed and adopted as its own the opinion of the District Court.

In his opinion the District Judge said "Is 'PENNZOIL' a valid trade-mark? For the purposes of this case I will assume that it is". (Record, p. 25). The validity of "PENNZOIL" being at issue, this statement, as a matter of legal effect, must be taken as a holding that "PENNZOIL" is a valid trade-mark, validly registered under the Act of 1905 and that petitioners, as the "owners", are entitled to the benefits of the Act.

In respect to colorable imitation the District Judge said "In other circumstances it is conceivable that 'GREENZOIL' might be considered a colorable imitation of 'PENNZOIL'. It is true that six letters in the alphabet forming the word 'GREENZOIL' also appear in the word 'PENNZOIL'. And if 'PENNZOIL' was a purely arbitrary mark * * * 'GREENZOIL' applied to the same kind of product might be regarded as a colorable imitation" (Record, p. 31). Since colorable imitation is also an essential question at issue, this statement can only be taken as a holding that "GREENZOIL", applied, as it is, "to the same kind of product", is a colorable imitation of "PENNZOIL".

It follows that in the Court's holdings we have all of the essential requirements of the Act, viz. (1) a valid technical trade-mark; (2) an accused trade-mark used for "merchandise of substantially the same descriptive properties" ("the same kind of product"); and (3) an accused trade-mark which is a colorable imitation of the registered mark.

The Court, however, while thus admitting that "GREENZOIL" is a colorable imitation of "PENNZOIL", held it not to be a colorable imitation "in the circumstances here present". These are that the two coined trade-mark words, although used for "merchandise of the same descriptive properties" (motor lubricating oil) are suggestive of qualities of motor lubricating oil, and differ in their specific

suggestive meanings, "PENNZOIL" suggesting derivation from Pennsylvania-grade crude and "GREENZOIL" suggesting a green color (Opinion, Record, p. 32).

The Court's denial of relief proceeds on the apparent inference or assumption that the fact that an accused mark is a colorable imitation of a technical trade-mark, and hence an infringement under terms of the Act, is not sufficient or controlling, and that, in the administration of the Act, extra statutory discriminations may be invoked to justify a holding that the accused mark is not a colorable imitation and, hence, not an infringement.

The inference or assumption of these discriminations is, it is submitted, an anomaly in the administration of the Act.

III.

THE STATUTES INVOLVED

The statutes which bear a direct relation to the questions presented are Sections 16 and 19 of the Trade-Mark Act of 1905 (15 U. S. C. A. 96 and 99). Section 16 states the elements of trade-mark infringement, and Section 19 states the powers of the Court and the specific relief which is conferred. These sections are as follows:

> "Sec. 16, U. S. C., title 15, sec. 96. That the registration of a trade-mark under the provisions of this act shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive prop-

erties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

"Sec. 19, U. S. C., title 15, sec. 99. That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed."

IV.

THE QUESTIONS PRESENTED

The questions involve the construction of Section 16 of the Trade-Mark Act of 1905 in respect to the scope of protection against colorable imitation.

The questions are:

(1) Whether the valid trade-mark "PENNZOIL" validly registered for lubricants under the Trade-Mark Act of 1905 is infringed by the colorable imitation "GREENZOIL" applied to competing goods.

(2) The Courts below, having held the trade-mark valid and the accused mark a colorable imitation, is infringement avoided by the fact that the two words have, etymologically, a different suggestion.

(3) When the Court has admitted the validity of a trade-mark registered under the Act as a technical trade-mark and has also admitted that the accused trade-mark word used for merchandise of the same descriptive properties is intrinsically a colorable imitation of the registered mark, whether the Court has the right to deny the owner of the registered mark the protection against colorable imitation which the Act gives.

(4) Whether the Court has the right, under the Act, to assay the registered mark as less than "purely arbitrary" or in terms of degrees of "arbitrariness", and on the basis of such assay to deny the owner of the registered mark the protection against colorable imitation which the Act gives.

(5) As between a registered trade-mark and an accused trade-mark word, both as described in questions (1) and (2), where the registered trade-mark is the subject of na-

tion-wide use, admitted by the Court to be exclusive for many years prior to the use of the accused trade-mark word, whether the fact that the registered trade-mark and the accused trade-mark word may differ, when analyzed, in the meaning suggested by them, prevents the accused mark from being a colorable imitation within the meaning of the Trade-Mark Act.

V.

REASONS RELIED UPON FOR THE ALLOWANCE OF THE WRIT

(1) It is a matter of public importance that the owner of a technical trade-mark registered under the Trade-Mark Act of 1905 should be protected against colorable imitation by other trade-marks used for merchandise of the same descriptive properties. The Circuit Court of Appeals has denied petitioners the protection which the Trade-Mark Act of 1905 confers.

(2) It is a matter of public importance that the provisions of the Trade-Mark Act of 1905 should not be set aside or disregarded by the Courts charged with its administration by applying supposed distinctions not in the statute.

(3) The Circuit Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this Court.

(4) The Circuit Court of Appeals has decided a federal question in a way probably in conflict with applicable decisions of this Court.

(5) The Circuit Court of Appeals has decided an important question of federal law in a way probably untenable and in conflict with the weight of authority.

(6) The validity of the trade-mark "PENNZOIL" having been assumed, the trade-mark being validly registered as a technical trade-mark under the Act of 1905, the accused trade-mark "GREENZOIL" being affixed to merchandise of the same descriptive properties and having been found to be intrinsically a colorable imitation of "PENNZOIL", the duty of the lower Courts under the Act was clear and mandatory, namely to grant petitioners the relief against infringement which the Act confers. The lower Courts failed, or refused, to discharge this duty.

(7) The lower Courts refused to enforce the Trade-Mark Act of 1905 in respect to Sections 16 and 19 (15 U. S. C. A. 96 and 99).

(8) The Circuit Court of Appeals has so far departed from the accepted and usual course of judicial proceedings, and so far sanctioned such departure by the District Court, as to call for this Court's power of supervision.

Petitioners ask this Court to grant a writ of certiorari to the Circuit Court of Appeals for the Fourth Circuit to review its decree in this case.

Respectfully submitted,

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